

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 03-E-0188 – Proceeding on Motion of the Commission Regarding a Retail
Renewable Portfolio Standard.

Case 05-M-0090 – In the Matter of the System Benefits Charge III.

COMMENTS OF NOBLE ENVIRONMENTAL POWER, LLC
IN RESPONSE TO THE NOTICES SEEKING ADDITIONAL COMMENTS

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Dated: April 8, 2005
Malone, New York

INTRODUCTION

By two Notices published on April 1, 2005 in the captioned matters, the Public Service Commission (“Commission”) seeks comments on the allocation to the New York State’s general fund of monies collected for the Renewable Portfolio Standard (“RPS”) and the System Benefits Charge (“SBC”).¹ Noble Environmental Power, LLC (“Noble”) opposes this unnecessary reallocation and asserts that the continued dedication of funds to specific programs promoting the renewable resources and energy efficiency programs are essential to the economy and environment of New York State and the health of New Yorkers.

Noble is actively developing renewable wind energy projects in several locations throughout the state totaling approximately 714 MW.

COMMENTS

The Commission’s long-term energy planning is compromised by the legislative proposal to annually allocate funds collected for the RPS. The RPS is designed to improve the state’s self-sufficiency by increasing its renewable energy production to 25 percent over then next 8 years. Development of these resources will take several years of development work before sufficient renewable generation sources can be built. The result will be reduced pollution, reduced energy prices, and reduced dependence on fossil fuels and foreign oil. Further, the RPS is expected to infuse manufacturing and

¹ The budget language is contained in Part I, Section 2 of A.6843 / S.3669.

development dollars into New York State. According to the New York State Office of the State Comptroller, “this office estimates that the production of renewable energy to meet the mandates of the RPS could generate up to 43,000 new jobs in New York State.”² Noble estimates that the proposed Noble wind power projects alone will save New York ratepayers over \$1.2 Billion over 20 years. This is far greater savings than the cost of the RPS program to the ratepayers.³ The air emissions reductions projected by the RPS are significant and will improve the health of New Yorkers. These important goals will not be realized without multi-year commitments.

The RPS is implemented by the New York State Energy Research and Development Authority (“NYSERDA”). NYSEDA enters into contracts for renewable energy production, using money collected through a modest charge on utility bills. By 2013, NYSEDA expects to have collected sufficient funds to meet the RPS goals.

The short-term (annual) appropriations proposal outlined in the Notices, however, creates several problems. The Commission pointed out in a recent Order that NYSEDA’s obligations are sufficiently secured by the money collected for this purpose.⁴ The legislature has reduced, however, the certainty that the money collected will be available for the RPS program.

Second, the ability of developers to secure financing will be reduced. The additional uncertainty will make investment in renewables less attractive and the

² A. Hevesi, K. Bleiwas, *Energyizing the Future: The Benefits of Renewable Energy for New York State*, March 2005, Report 12-2005, p. 1 (Mar. 2005).

³ G. Jordan, GE Energy, *Economic Analysis of Noble Environmental Power Wind Projects*.

⁴ CASE 03-E-0188 – Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard, *Order Authorizing Fast Track Certification and Procurement*, p. 27 n. 13 (Issued and Effective Dec. 16, 2004).

necessary risk premium to accomplish the state's goals will increase the cost to consumers.

There is precedent for financing power projects utilizing the current RPS structure. There is no precedent for utilizing the structure in the short-term appropriations proposal outlined in the Notices. Noble's management has extensive experience in financing power projects under the current RPS structure. We believe that the proposed short-term appropriations proposal outlined in the Notices will serve to starve the New York renewable energy business of needed capital.

The RPS and SBC funding allocation proposal is unnecessary. The legislature will not be providing additional oversight. A legislative oversight committee already exists to oversee NYSERDA's spending programs. Additionally, the Office of the State Comptroller is currently conducting an audit of the SBC program. Instead of creating oversight, the budget change will put dedicated funds at risk of annual re-allocation by the legislature.

In addition to these several problems, the proposal is constitutionally suspect. As the Pataki administration has pointed out, the legislative budget proposal relating to the RPS and SBC is unconstitutional.

The effectiveness of the RPS program is reduced by taking away the long-term commitment to renewable energy development. The unnecessary budget allocation should be rejected so that New York State's long-term plan to achieve self-sufficiency, lower energy prices and a cleaner environment.

CONCLUSION

Noble respectfully requests consideration of the comments set out above.

Respectfully submitted,

By: _____

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